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AUTHOR Harris, Richard C.
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ABSTRACT

Under Pennsylvania's relatively decentralized system that has considerable autonomy for local school boards, state control and state mandates have become matters of real concern to local school officials. Even in those districts that supply 90 percent of their funds from local taxes, state mandates produce extra costs. (Author/IRT)

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REMARKS BY

RICHARD C. HARRIS*
PRESIDENT
PENNSYLVANIA SCHOOL BOARDS ASSOCIATION
HARRISBURG

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# "LOCAL CONTROL UNDER FULL STATE FUNDING"
(CLINIC E-74)

ANNUAL CONVENTION CLINIC SESSION
NATIONAL SCHOOL BOARDS ASSOCIATION
SAN FRANCISCO
MONDAY, APRIL 12, 1976

* MR. HARRIS IS A MEMBER OF THE LOWER MORELAND SCHOOL BOARD (PA.) AND AN ACCOUNT EXECUTIVE WITH MERRIL LYNCH, PIERCE, FENNER AND SMITH, PHILADELPHIA.



EA 008 263

AS WE CONSIDER BOTH FUNDING AND CONTROL OF PUBLIC EDUCATION WE SHOULD KEEP IN MIND THE EFFECT OF THE UNITED STATES SUPREME COURT DECISION IN THE TEXAS RODRIQUEZ SCHOOL FINANCE CASE. IN THAT CASE, THE COURT REMINDED US AGAIN THAT PUBLIC EDUCATION IS A FUNCTION AND RESPONSIBILITY OF THE RESPECTIVE STATES. IT ALSO RE-AFFIRMED THE UNDERLYING PRINCIPLE OF LOCAL CONTROL OF PUBLIC EDUCATION.

I THINK IT IS IMPORTANT TO KEEP THIS IN MIND SINCE SOME HAD THE NOTION THAT THE FEDERAL GOVERNMENT SHOULD SHARE 30 PERCENT OR 40 PERCENT OF THE COST OF THE PUBLIC SCHOOLS. EVEN WITH THE PRESENT LEVEL OF FEDERAL SUPPORT - SOMETHING LIKE EIGHT PERCENT - STATE AND LOCAL EDUCATIONAL OFFICIALS HAVE ALREADY SEEN MANY EXAMPLES OF FEDERAL CONTROL THAT HAS FOLLOWED FEDERAL SUPPORT. (EXAMPLES ARE TITLE IX REGULATIONS ON SEX DISCRIMINATION, REGULATIONS ON STUDENT RECORDS, AND REGULATIONS ON SPECIAL EDUCATION.)

THE POINT HERE IS THAT EVEN THOUGH PUBLIC EDUCATION IS A STATE FUNCTION AND ONLY NOMINALLY SUPPORTED WITH FEDERAL FUNDS, SUBSTANTIAL FEDERAL CONTROL HAS ALREADY OCCURRED IN TANDEM WITH FEDERAL SUPPORT. EVEN IF REVENUE SHARING SHOULD BE INSTITUTED AT THE FEDERAL LEVEL FOR EDUCATION, OR BLOCK GRANTS RATHER THAN CATEGORICAL GRANTS, IT SEEMS LIKELY THAT ANY APPRECIABLE INCREASE IN THE LEVEL OF FEDERAL FUNDING WILL SEE A CORRESPONDING INCREASE IN FEDERAL REGULATION AND CONTROL.

IF YOU WILL ACCEPT THIS PREMISE OF THE EXPERIENCE THUS FAR OF FEDERAL SUPPORT AND REGULATION, THIS MAY GIVE SOME CLUES AS TO WHAT IS LIKELY TO HAPPEN WITH FULL STATE FUNDING.

ONE OF THE RESOLUTIONS AT THIS CONVENTION SAYS THAT "THE GOAL OF PUBLIC EDUCATION IN THE UNITED STATES SHOULD BE TO PROVIDE EACH CHILD THE OPPORTUNITY TO DEVELOP HIS OR HER ABILITY TO THE FULLEST." WE CAN GENERALLY CONTEND THAT THIS OPPORTUNITY SHOULD NOT BE DETERMINED BY THE WEALTH, OR LACK THEREOF, OF THE CHILD'S PARTICULAR COMMUNITY OR STATE. REALISTICALLY, IT SEEMS RATHER CLEAR THAT THE DIFFERING ABILITIES OF THE RESPECTIVE STATES TO FUND EDUCATION, OR ANY OTHER FUNCTION OF STATE OR LOCAL GOVERNMENT, WILL NOT BE EQUALIZED BY THE FEDERAL GOVERNMENT. IN ADDITION, THERE MAY BE LEGITIMATE QUESTION ABOUT WHETHER SUCH AN AVERAGING SHOULD TAKE PLACE SINCE THIS HITS AT THE UNDERLYING PRINCIPLE OF SELF-DETERMINATION THAT EXISTS IN AMERICAN GOVERNMENT. IN ANY EVENT, EXPERIENCE TO DATE SAYS FEDERAL CONTROL FOLLOWS FEDERAL SUPPORT.

QUITE OFTEN HAWAII IS SUGGESTED AS A POSSIBLE MODEL OF FULL STATE FUNDING. HAWAII IS SOMEWHAT UNIQUE AND DISTINCT FROM THE MAINLAND STATES.

HAWAII HAS BEEN CONVERTED RATHER RECENTLY - SOMEWHERE AOUND 1900 - FROM A MONARCHAL SOVEREIGNTY. ITS SOCIETY IS ACCUSTOMED TO CENTRALIZED, AUTHORITARIAN CONTROL.

HAWAII HAS A SINGLE PUBLIC SCHOOL SYSTEM GOVERNED BY A SINGLE BOARD OF EDUCATION. HOWEVER, BECAUSE OF ITS EARLIER DEPENDENCE UPON MISSIONARY SCHOOLS THAT WERE ESTABLISHED BY MANY CHURCH GROUPS, HAWAII HAS MANY MORE NON-PUBLIC SCHOOLS THAN THE MAINLAND STATES HAVE. THESE NON-PUBLIC SCHOOLS GIVE SOME CHOICE AND SOME DEGREE OF LOCAL CONTROL. BUT FEW WHO

KNOW HAWAII'S PUBLIC SCHOOL SYSTEM WOULD CONTEND THAT HAWAII'S FULL STATE FUNDING OFFERS ANY LOCAL CONTROL. THERE REALLY ISN'T ANY SUCH THING EVEN THOUGH THERE UNDOUBTEDLY ARE DIFFERENCES FROM ISLAND TO ISLAND.

A COUPLE OF THE MAINLAND STATES HAVE MOVED CLOSE TO FULL STATE FUNDING. IN ONE OF THESE, NEW MEXICO, STATE SCHOOL BOARD LEADERSHIP HAS FRANKLY ADMITTED THAT LOCAL CONTROL HAS DECLINED IN DIRECT PROPORTION TO INCREASED STATE LEVEL FUNDING.

BECAUSE I KNOW PENNSYLVANIA AND ITS SYSTEM OF FINANCIAL SUPPORT FOR PUBLIC SCHOOLS BEST, LET ME GIVE YOU SOME CHECKPOINTS FROM OUR STATE.

PENNSYLVANIA HAS A SYSTEM WHERE LOCAL SCHOOL BOARDS HAVE FISCAL INDEPENDENCE AND CAN SET THEIR OWN TAX RATES. THIS PROVIDES A GREAT DEAL OF LOCAL CONTROL.

THE STATE SUPPORTS THE COST OF INSTRUCTION, AND SOME OTHER PUBLIC SCHOOL COSTS, ON A VARIABLE PERCENTAGE BASIS THAT IS INVERSELY RELATED TO THE MARKET VALUE WEALTH OF TAXABLE REAL PROPERTY WITHIN THE SCHOOL DISTRICT. IN OTHER WORDS, THE WEALTHIER THE DISTRICT THE LESS STATE AID IT RECEIVES AND THE POORER THE DISTRICT THE MORE STATE AID IT RECEIVES. THESE PERCENTAGES OF COST RANGE FROM A MINIMUM OF 10 PERCENT - THE LOWEST GUARANTEED STATE AID DESPITE HIGH WEALTH - TO A THEORETICAL LEVEL OF 100 PERCENT STATE SUPPORT FOR INSTRUCTIONAL COST IN THE POOREST DISTRICTS (IN PRACTICE, THIS HIGHEST LEVEL OF SUPPORT IS ABOUT 90 PERCENT). STATEWIDE, THE STATE IS COMMITTED TO AN OVERALL LEVEL OF 50 PERCENT STATE SUPPORT ALTHOUGH THE ACTUAL PERCENTAGE - WHEN FEDERAL FUNDS ARE INCLUDED - TURNS OUT TO BE SOMETHING LESS THAN 50 PERCENT.

UNDER THIS RELATIVELY DECENTRALIZED SYSTEM THAT HAS CONSIDERABLE AUTONOMY FOR LOCAL SCHOOL BOARDS, STATE CONTROL AND STATE MANDATES HAVE BECOME MATTERS OF REAL CONCERN TO LOCAL SCHOOL OFFICIALS. EVEN IN THOSE DISTRICTS WHERE 90 PERCENT OF THE FUNDS ARE SUPPLIED BY THE LOCAL SCHOOL DISTRICT FROM LOCAL TAXES, STATE MANDATES HAVE PRODUCED TWO TYPES OF COSTS. MY OWN SCHOOL DISTRICT IS AN EXAMPLE OF A DISTRICT THAT RAISES 90 PERCENT OF ITS FUNDS LOCALLY. WE ENCOUNTER CONTROLLABLE COSTS THAT ARE THE COSTS TIED TO WHAT KINDS OF PROGRAMS WE DECIDE LOCALLY SHOULD BE ESTABLISHED FOR CHILDREN. WE ALSO ENCOUNTER UNCONTROLLABLE COSTS THAT RESULT FROM STATE MANDATES WHERE WE HAVE VIRTUALLY NO CHOICE. LET ME GIVE YOU A COUPLE OF EXAMPLES.

IN 1969 OUR SCHOOL DISTRICT, LIKE MANY OTHERS, HAD REACHED THE HIGHEST BOND COSTS, AT THAT TIME, SINCE THE CIVIL WAR. WE WANTED TO BORROW $2 MILLION FOR A 25 YEAR PERIOD AND DISCOVERED THAT THE INTEREST RATE WOULD BE ABOUT 7 PERCENT. AT THAT TIME SHORT TERM RATES FOR 5 YEARS WERE ABOUT 4 PERCENT. WE DECIDED TO GO FOR A 5 YEAR SHORT TERM LOAN WITH THE IDEA THAT WHEN LONG TERM RATES DECLINED, WE WOULD CONVERT TO LONG TERM BONDS.

SUBSEQUENTLY LONG TERM INTEREST RATES DID DECLINE TO 5½ PERCENT. WHEN WE WENT FOR STATE APPROVAL FOR THIS CONVERSION TO LONG TERM FINANCING, THE STATE TURNED US DOWN DESPITE THE FACT THAT WE HAD SAVED TAXPAYERS CLOSE TO A MILLION DOLLARS IN INTEREST CHARGES. IT TOOK US WEEKS TO EXPLAIN TO THE STATE HOW THIS SAVING HAD BEEN ACCOMPLISHED AND WHY THIS CONVERSION SHOULD BE APPROVED.

SEVERAL YEARS AGO STATE OFFICIALS ENTERED INTO A CONSENT DECREE WITH THE PENNSYLVANIA ASSOCIATION FOR RETARDED CHILDREN (PARC) REGARDING WHAT THE PROGRAM OBLIGATIONS OF LOCAL SCHOOL DISTRICTS WOULD BE IN CARING FOR HANDICAPPED CHILDREN. SINCE THAT TIME THE STATE HAS INCREASINGLY SET FORTH REQUIREMENTS THAT MUST BE MET BY LOCAL SCHOOL DISTRICTS. THIS YEAR, IN THE STATE BUDGET PROPOSED FOR 1976-77, THE STATE NOW PROPOSES TO SHIFT MORE OF THE COSTS OF THESE PROGRAMS, ESTABLISHED AT THE STATE LEVEL BY STATE OFFICIALS, TO LOCAL SCHOOL DISTRICTS AND LOCAL TAX SOURCES.

EVEN IN A STATE LIKE PENNSYLVANIA WHERE THE LEVEL OF STATE SUPPORT IS ROUGHLY ONLY 50 PERCENT OF THE AVERAGE INSTRUCTIONAL COST THE SITUATION OF STATE MANDATES AND CONTROL HAD REACHED A POINT OF HIGH CONCERN. LAST YEAR A SPECIAL STATEWIDE COMMISSION ESTABLISHED BY OUR OWN STATE ASSOCIATION TO STRENGTHEN LOCAL LAY CONTROL OF THE PUBLIC SCHOOLS IDENTIFIED "INCREASED CENTRALIZED CONTROL BY STATE AGENCIES" AS ONE OF THE MAJOR PROBLEMS CONFRONTING PUBLIC SCHOOLS IN OUR STATE. IN ITS RECOMMENDATIONS, THE COMMISSION SAID THAT LOCAL SCHOOL DISTRICTS "SHOULD REVIEW EACH AND EVERY RULE AND REGULATION (HANDED DOWN BY THE STATE) AND PROPERLY CHALLENGE SUCH RULES WHEN THEY ARE AN INFRINGEMENT ON LOCAL CONTROL."

PENNSYLVANIA IS CURRENTLY WORKING ON A PROPOSED NEW SCHOOL CODE. THE MANY CHANGES THAT ARE PROPOSED IN IT WILL SERIOUSLY AFFECT LOCAL CONTROL IF THEY ARE ADOPTED. BUT EVEN MORE IMPORTANT FOR THE SHORT RUN IS THE PROSPECT THAT SOME $140 MILLION IN INCREASED COSTS WILL BE ADDED TO PUBLIC EDUCATION IN OUR

STATE IF THE CODE SHOULD BE ADOPTED IN ITS PRESENT FORM. THESE COSTS RESULT FROM NEW MANDATES FOR PROGRAMS AND NEW MANDATES FOR BENEFITS THAT ARE SOUGHT BY THE UNIONS

I SUBMIT TO YOU THAT ENOUGH EXAMPLES ALREADY EXIST TO SUPPORT TWO CONTENTIONS MADE BY DR. ROGER A. FREEMAN, NOTED ECONOMIST FROM STANFORD UNIVERSITY, WHO APPEARED BEFORE THIS CONVENTION AND OUR OWN STATE CONVENTION IN 1972. DR. FREEMAN SUGGESTED "A STATE TAKEOVER OF THE VALUATION OF PROPERTY, AS AN ADMINISTRATIVE FUNCTION, WHILE LEAVING THE SETTING OF THE RATES, AS A POLICY FUNCTION, TO LOCAL GOVERNMENT." HE ALSO SAID: "IT IS NAIVE TO EXPECT THAT MORE THAN A MERE FACADE OF LOCAL AUTONOMY CAN BE PRESERVED BY A LOCAL BODY WHICH SUBSISTS LARGELY ON SUBSIDIES FROM A CENTRAL GOVERNMENT." MY PERSONAL EXPERIENCE AND OBSERVATIONS WOULD TEND TO SUPPORT DR. FREEMAN'S CONTENTIONS.

IN CONCLUSION, ALLOW ME TO BRING TO YOUR ATTENTION SIX OTHER AREAS IDENTIFIED BY THE PSBA COMMISSION, PREVIOUSLY MENTIONED, THAT HAVE ERODED LOCAL CONTROL AND AT THE SAME TIME HAVE FINCANCIAL IMPACT ON PUBLIC SCHOOLS.

THE COMMISSION, IN ITS DELIBERATIONS, CONCLUDED:

(1) SCHOOL BOARDS IN SOME CASES, EITHER INDIVIDUALLY OR COLLECTIVELY, HAVE NOT DEMONSTRATED INITIATIVE, NOR EXERTED LEADERSHIP TO CONTROL OR CHALLENGE THE FORCES THAT IMPACT ON THEIR POLICY-MAKING AUTHORITY.

(2) CONSOLIDATION, PRODUCING LARGER DISTRICTS, HAS WORSENED THE PUBLIC'S LACK OF UNDERSTANDING OF HOW SCHOOLS FUNCTION.

(3) Increased legislative mandates have eroded local control and increased the cost of education both at the local and state levels.

(4) Increased regulations by state agencies have also eroded local control and have increased the cost of education.

(5) Employe unionization in the public sector has increased substantially in the past decade which has led to more rigid operations of the schools along with increased costs.

(6) Increased costs for public education have also brought a more critical attitude by the general public, making it more difficult for local boards to obtain, and retain, the necessary public support for its programs and decisions.

(7) Judicial decisions, including attorney general opinions and labor board rulings, have also influenced the authority of local boards.

All of these factors are brought to your attention, because ultimately they have something to do with the cost and control of public education. Our Commission report has been sent to all state association presidents and executive directors. If you would like a copy of the report, which lists some 44 recommendations to restore and preserve local control of public education, please contact your state officials. Our Association will be happy to furnish you with a copy. Thank you for your kind attention.